

Case 3: Crypto/Blockchain

Trading Strategy and Algorithm Logic

For our algorithm logic, crypto performance trajectories can be assumed to be linear. To a certain degree, especially considering the overfitting risk, it is much better to zoom out on overall trends. For more generic trends, linear regression models generally fit cryptocurrency's spontaneous nature. Most We utilize a linear regression model for our strategy. In this case, crypto time frames are given on a microscale. We follow through to calculate the linear regression for all bid sizes, ask sizes, bid prices, and ask prices. After normalizing these data with z-scores, we predicted the change in midpoint values. When the change in midpoint values is greater than zero, we predict upward movement and return 1. If the change in midpoint values is negative, we predict downward movement and return -1. Otherwise, we predict no movement for the market-neutral position.